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The Effect of ROE, EPS, and ROA Ratios on The Price Performance of BSDE and PWON in 2019-2023

Monalisa[1], Eka Fitriatul Afifah[2], Fahreza Febianti Kartikasari[3]
[1,2,3]Muhammadiyah University of Surabaya

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ABSTRACT

Objective: *This study aims to analyze the influence of Return on Equity (ROE), Earnings Per Share (EPS), and Return on Assets (ROA) on stock prices in two leading companies in the Indonesian property sector, namely PT Bumi Serpong Damai Tbk (BSDE) and PT Pakuwon Jati Tbk (PWON), during the 2019-2023 period. The research is expected to provide useful insights for investors and other stakeholders in making better investment decisions.* ***Method:*** *The research employs a quantitative approach by using secondary data sourced from financial statements accessed through the official website of the Indonesia Stock Exchange. The study applies panel data regression models using the Common Effect Model, Fixed Effect Model, and Random Effect Model, with STATA 17 as the statistical tool. Several tests, including the Chow Test, Hausman Test, and Lagrange Multiplier Test, are conducted to determine the most suitable model. Classical assumption tests, such as normality, multicollinearity, and heteroscedasticity tests, are also performed to validate the regression model.* ***Results:*** *The results show that ROE, EPS, and ROA simultaneously have a significant influence on stock prices. However, based on partial tests, only EPS significantly affects stock prices in both companies. The R-squared value of 0.7457 indicates that 74.57% of the variation in stock prices can be explained by the independent variables (ROE, EPS, and ROA), while 25.43% is influenced by other factors outside the model.* ***Novelty****: This study contributes to the existing literature by focusing on the Indonesian property sector and examining the role of financial performance indicators in determining stock prices. The findings highlight the dominant impact of EPS compared to ROE and ROA, providing valuable insights for investors in assessing stock valuation within this industry.*

INTRODUCTION

Rapid developments occur in the business field during the current globalization period, this has led to the emergence of tensions in competition between competitors. Therefore, every company must carry out their activities effectively and efficiently in order to remain competitive and survive. Dini Selasi & Puput Indiyani (2025), said that the economy in Indonesia can be grown through various things, one of which is in the investment sector which is currently talking a lot about the capital market.

The world of capital markets includes various activities directly related to securities offerings and transactions, public companies related to the securities that the company issues, as well as institutions and professions involved in managing these securities. In her research Elizabeth (2023), said that the capital market is a place to provide information from various developments related to stock prices, so that investors and potential investors can use it as a consideration in making decisions about which company to choose to provide the most optimal profit.

The overall capital market is reflected through companies in the property sector. Puspita (2024) stated that the growth of the property sector in Indonesia showed a positive number in 2024 in the first quarter (Q1), this showed an increase of 6% or Rp 29.4

trillion from 2023. Sectors that have a major influence on property growth in 2024 are landed houses, retail, and industry and logistics.

Investment in economic theory means spending activities to increase the capacity to produce something in the economy (Khakim, 2022). In the world of investment, stock price is one of the important indicators because from it we can assess how the performance and prospects of a company. Of the many factors that can affect stock prices, three metrics that are often considered are ROE, EPS, and ROA. According to Aprilia & Alfarizy (2025), ROE measurement is carried out to determine how the company's ability to produce net income obtained from the capital of each shareholder. Meanwhile, EPS according to (Rifky et al., 2024), in Scientific Works measures the profitability of the company from the point of view of shareholders. According to Ekawati & Yuniati (2020), ROA reflects how much return is generated on every rupiah of money invested in assets.

This study was conducted with the aim of analyzing how the influence of ROE, EPS, and ROA on stock prices in two leading companies in the Indonesian property sector, namely the company PT Bumi Serpong Damai Tbk (BSDE) and the company PT Pakuwon Jati Tbk (PWON), during the 2019-2023 period. Therefore, this research is expected to provide useful insights for investors and other stakeholders in making better investment decisions.

RESEARCH METHOD

This research employs a quantitative approach, utilizing secondary data sourced from the financial statements of PT Bumi Serpong Damai Tbk (BSDE) and PT Pakuwon Jati Tbk (PWON), accessed through the official website of the Indonesia Stock Exchange for the period 2019-2023. A panel data regression analysis was conducted using the Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM) in STATA 17. Several tests, including the Chow Test, Hausman Test, and Lagrange Multiplier Test, were performed to select the most suitable model. Classical assumption tests, such as normality, multicollinearity, and heteroscedasticity tests, were also carried out to validate the regression model. The study aimed to analyze the influence of Return on Equity (ROE), Earnings Per Share (EPS), and Return on Assets (ROA) on stock prices, with a focus on the property sector companies listed on the Indonesia Stock Exchange.

RESULTS AND DISCUSSION

The approach method used in this research is a quantitative approach, which is objective research taken from quantitative data collection. This quantitative research method is often used to test hypotheses, describe the characteristics of a population, or make predictions based on data obtained from a representative sample (Sihotang, 2023: 9) in (Hafidulloh & Mochklas, 2024). This research uses a statistical test tool, namely STATA 17. The secondary data source of this research is obtained from the financial statements of each company which can be accessed through the official website of the Indonesia Stock Exchange.

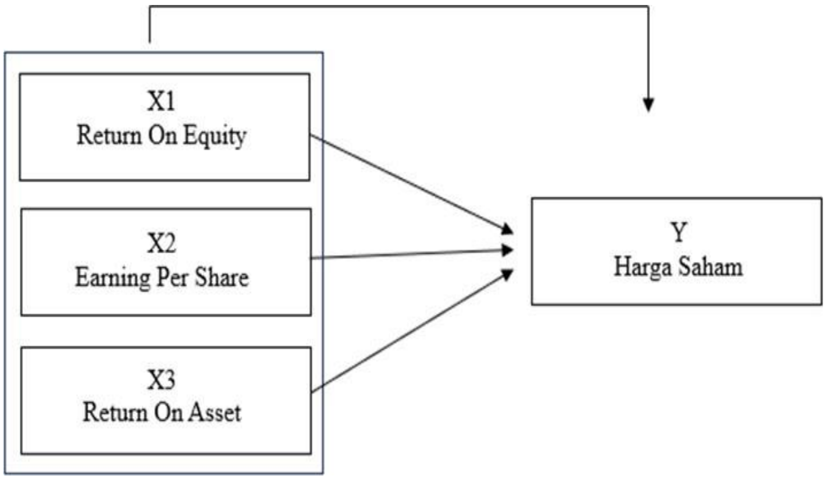

Figure 1. Conceptual framework.

All property sector companies listed on the Indonesia Stock Exchange, totaling 89 companies, are the population in this study. However, from the total population of these companies, researchers only took 2 companies to analyze how the influence of ROE and EPS on the share price of the two companies. Namely at the company PT Bumi Serpong Damai Tbk (BSDE) and the company PT Pakuwon Jati Tbk (PWON).

This study used purposive sampling technique. According to Putri et al., (2019), purposive sampling technique is a sample selection process by taking subjects that are not based on strata, random, or region, but are based on specific objectives. There are several criteria that are the basis for sampling this research, namely: (1) Companies listed on the Indonesia Stock Exchange (IDX) for the period 2019-2023. (2) All companies that publish financial reports consecutively 2019-2023. (3) The data needed in the study is available for analysis.

There are three independent variables and one dependent variable. ROE variable as the first dependent variable. According to Partomuan & Simamora (2021), this variable comes from the calculation of net income obtained from the income statement divided by total equity obtained from the balance sheet. The second variable is EPS or Earning per Share. This variable comes from the calculation of net income obtained from the income statement divided by the number of shares outstanding which comes from the Indonesia Stock Exchange website, precisely in the stock summary section. Then the ROA variable as the third independent variable. This variable comes from the calculation of net income obtained from the income statement divided by total assets obtained from the balance sheet in the financial statements. Meanwhile, the stock price as the dependent variable is sourced from the Indonesia Stock Exchange website, precisely in the stock summary section and the stock price used by the research is the closing stock price.

Testing and analyzing is carried out to find out how the influence of ROE, EPS, and ROA variables on stock prices in the company PT Bumi Serpong Damai Tbk (BSDE) and the company PT Pakuwon Jati Tbk (PWON) for the 2019-2023 period. Before conducting hypothesis testing, several stages need to be carried out:

1. Identifying data that has been imported in the STATA 17 program and obtained strongly balanced results.

2. Estimating panel data regression models using the Common Effect Model, Fixed Effect Model, Random Effect Model
3. Selecting the best model by conducting 3 tests (Chow Test, Hausman Test, and Lagrange Multiplier Test) which are then compared so that the following results are obtained:
   a) The Chow Test measurement is used to compare CEM and FEM so that the results of Prob > F = 0.0197 are obtained, assuming H0 is rejected while H1 is accepted, which means that the Fixed Effect Model is more acceptable in this test.
   b) Then the Hausman Effect Model measurement, used to compare REM and FEM so as to obtain the results Prob> chi2 = 0.0008, assuming H0 is rejected while H1 is accepted. This means that the Fixed Effect Model is more acceptable in this test.
   c) The last is the Lagrange Multiplier Test measurement, which is used to compare CEM and REM so that the results obtained Prob> chibar2 = 1.0000, assuming H0 which states the Common Effect Model is accepted.
4. Classical Assumption Test

Panel data testing is carried out using the classical assumption test, where there is a data normality test, multicollinearity test and heteroscedasticity test, so that the following results can be obtained:

   a) The data normality test was carried out using skewness and kurtosis tests, resulting in the result that Prob > chi2 = 0.1861, which means that the data is normally distributed.
   b) Multicollinearity test, carried out by assuming the VIF value of each variable < 10 or with a tolerance value> 0.1, so that the VIF value = 84.05 is obtained, which can be concluded that there is an indication of multicollinearity in the model taken.
   c) The heteroscedasticity test, carried out using the White test, obtained the results Prob> chi2 = 0.3505, this means that there is no indication of heteroscedasticity or the variants of the variables used in the research regression model are the same.
5. Hypothesis Test

Table 1. Hypothesis test results.

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7 . reg HargaSaham ROE EPS ROA
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Source	SS	df	MS			
Model	750906.289	3	250302.096	Number of obs	=	10
Residual	256127.811	6	42687.9685	F(3, 6)	=	5.86
Total	1007034.1	9	111892.678	Prob > F	=	0.0324
				R-squared	=	0.7457
				Adj R-squared	=	0.6185
				Root MSE	=	206.61

HargaSaham	Coefficient	Std. err.	t	P>|t|	[95% conf.	interval]
ROE	-16998.45	17341.7	-0.98	0.365	-59432.07	25435.16
EPS	4.414098	1.38308	3.19	0.019	1.029822	7.798374
ROA	21552.6	25912.35	0.83	0.437	-41852.64	84957.84
_cons	813.4479	161.3264	5.04	0.002	418.6965	1208.199

Source: Secondary data processed, 2024

Based on the information in the table above, some information can be drawn regarding the effect of ROE, EPS, and ROA on Share Price as follows:

a) The results of the F test, namely Prob> F = 0.0324, which means that ROE, EPS and ROA simultaneously affect the stock price.

b) The T test results are observed from the P> | t | value: so it is concluded that EPS partially affects the stock price with a sig level of 0.019.

Stata 17 testing conducted using the Fixed Effect Model in the study found that:

a) F Test

Looking at the results of measurements that have been carried out with test results showing that Prob> F = 0.0324, or sig level F < 0.05, which indicates that ROE, ROA, and EPS can simultaneously affect the stock price of the company PT Bumi Serpong Damai Tbk (BSDE) and the company PT Pakuwon Jati Tbk (PWON). So that these results can answer the fourth hypothesis of this study which suspects that ROE, ROA, and EPS simultaneously affect the Stock Price is proven correct.

b) T Test

From the results of the T test on the ROE and EPS variables which show the value of P> | t | < 0.05, with a sig level of 0.019. This answers the second hypothesis of the study, which suspects that EPS has the most dominant effect on stock prices is proven correct.

c) R-squared

Looking at the results of the discrimination test (R2) in the table above is R- Squared = 0.7457 indicating that the contribution of the independent variables, namely ROE and EPS to the Share Price is 74.57% and only 25.43% is influenced by other variables outside the regression model used.

CONCLUSION

Fundamental Finding : Judging from the results of the research and analysis that has been carried out, it shows that simultaneously the ROE, EPS, and ROA variables have a significant influence on the share price of the company PT Bumi Serpong Damai Tbk. and the company PT Pakuwon Jati Tbk. during the 2019–2023 period. However, when viewed from the partial test results, only the EPS variable shows that it significantly affects the stock prices of the two companies in the same time period. **Implication :** Therefore, in this case it can be concluded that the EPS or Earning per Share variable, which is a financial performance factor, is more dominant in influencing stock prices compared to other variables such as ROE and ROA, especially in the companies studied. This finding highlights the potential of EPS as a reliable financial indicator for investors when evaluating stock price trends in the Indonesian property sector. **Limitation :** The conclusion is drawn specifically based on the financial data of PT Bumi Serpong Damai Tbk. and PT Pakuwon Jati Tbk. during the 2019–2023 period. As such, the generalizability of these findings to other sectors or companies outside this context may be limited due to differences in financial structures and market dynamics. **Future Research :** Future research could explore whether the dominant effect of EPS on stock prices is consistent across different industries or in other economic conditions beyond the 2019–2023 timeframe. Additionally, further studies might consider including more companies or integrating external macroeconomic variables to provide a more comprehensive analysis.

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***Monalisa (Corresponding Author)**
Muhammadiyah University of Surabaya, Indonesia
Email: monalisa-2021@fe.um-surabaya.ac.id

Eka Fitriatul Afifah
Muhammadiyah University of Surabaya, Indonesia
Email: eka.fitriatul.afifah-2021@fe.um-surabaya.ac.id

Fahreza Febianti Kartikasari
Muhammadiyah University of Surabaya, Indonesia
Email: fahreza.febrianti.kartikasari@fe.um-surabaya.ac.id